

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )

End User Common Line Charges )

CC Docket No. 95-72

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**REPLY OF SOUTHWESTERN BELL TELEPHONE COMPANY**

Southwestern Bell Telephone Company (SWBT) submits its  
Reply in the captioned matter.

I. **SOUTHWESTERN BELL FAVORS ONE SUBSCRIBER LINE CHARGE PER  
SERVICE CONNECTION.**

An overwhelming majority of commentators agree that (1) applying Subscriber Line Charges (SLCs) on a per-derived-channel basis is inequitable, and (2) a single SLC should be applied to such services.<sup>1</sup> SWBT agrees. The current multiple-SLC policy artificially raises the price of ISDN and other derived channel services. The Commission should encourage, not discourage, the deployment of ISDN.

SWBT believes that the SLC should be applied on a per "service connection" basis, a policy similar to the Commission's "per facility" proposal, except that it does not tie SLC

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<sup>1</sup> BellSouth, pp. 3-4; Ameritech, p. 2; Bell Atlantic, p. 3; Bell South, pp. 4-5; Cincinnati, pp. 2-3; NTCA, p. 2; NYNEX, pp. 3-6; Rochester, pp. 2 & 4; Pacific, p. 4; Roseville Telephone, p. 2; Rural Telephone Association, p. 3; USTA, p. 2; Time Warner Communications, pp. 2-3; America Online, pp. 1-6; ITI, pp. 7-8; Microsoft Corporation, p. 4; Cable & Wireless, p. 2; MCI, p. 3; Sprint, pp. 3-4.

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application to the physical provisioning of the service. Other companies have used similar terminology. SWBT agrees with Ameritech that application of SLC on a per "service interface," or as stated by SWBT, on a per "service connection" basis will avoid administrative problems associated with devising separate SLC rates to recover separate revenue requirements associated with different technologies.<sup>2</sup>

II. SLC APPLICATION SHOULD BE COMPETITIVELY NEUTRAL.

AT&T contends that SLCs should apply to PRI service on a per-derived-channel basis.<sup>3</sup> AT&T currently offers PRI services in direct competition with SWBT's PRI offerings. Requiring that SLC be applied on a per-derived-channel basis would force SWBT to charge up to an additional \$138.00 per month in SLC charges--charges which AT&T does not have to pass to its customers. AT&T thus seeks regulations which will confer price benefits upon AT&T. The Commission should reject AT&T's request.

III. THE PROPOSED SLC APPLICATION CHANGE IS A RESTRUCTURE UNDER PRICE CAPS.

MCI contends that its proposal to charge one SLC per ISDN facility requires no change in the Commission's existing price cap rules to ensure that no increase in the CCL rate results from such

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<sup>2</sup> Ameritech, p. 2.

<sup>3</sup> AT&T's Comments, pp. 2-4.

a change.<sup>4</sup> MCI states that under the existing rules, any change in SLC revenue requirements results in an equal change in the common line revenue requirement, and therefore the carrier common line revenue requirement remains the same.<sup>5</sup> This interpretation is a mischaracterization of the price cap rules. The calculation of the CCL rate is not controlled by a carrier common line revenue requirement. As SWBT pointed out in its comments,<sup>6</sup> a change in the application of SLCs can affect the SLC rate and revenue, as well as the measure of usage per line employed in the calculation of the "g" factor, which under the existing rules would affect the CCL rate. The Commission should reject MCI's interpretation of the rules and clarify that a change in SLC application is a restructure under the current rules. Therefore, a waiver of or change in the rules is required to ensure that no CCL rate changes occur as a result of a change in SLC application.

#### IV. CONCLUSION

The SLC should be applied on a service connection basis, and should be competitively neutral to all carriers.

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<sup>4</sup> MCI, p. 4.

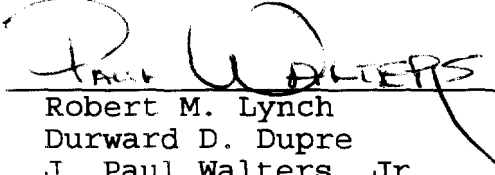
<sup>5</sup> Id.

<sup>6</sup> SWBT, p. 4 and Exhibits 1, 2 and 3.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

By

  
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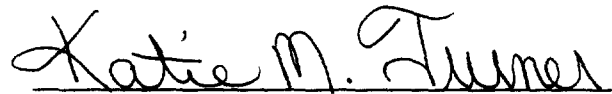
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July 14, 1995

**CERTIFICATE OF SERVICE**

I, Katie M. Turner, hereby certify that the foregoing, "Reply Of Southwestern Bell Telephone Company," in Docket No. 95-72 has been filed this 14th day of July, 1995 to the Parties of Record.

A handwritten signature in cursive script that reads "Katie M. Turner". The signature is written in dark ink and is positioned above a horizontal line.

Katie M. Turner

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